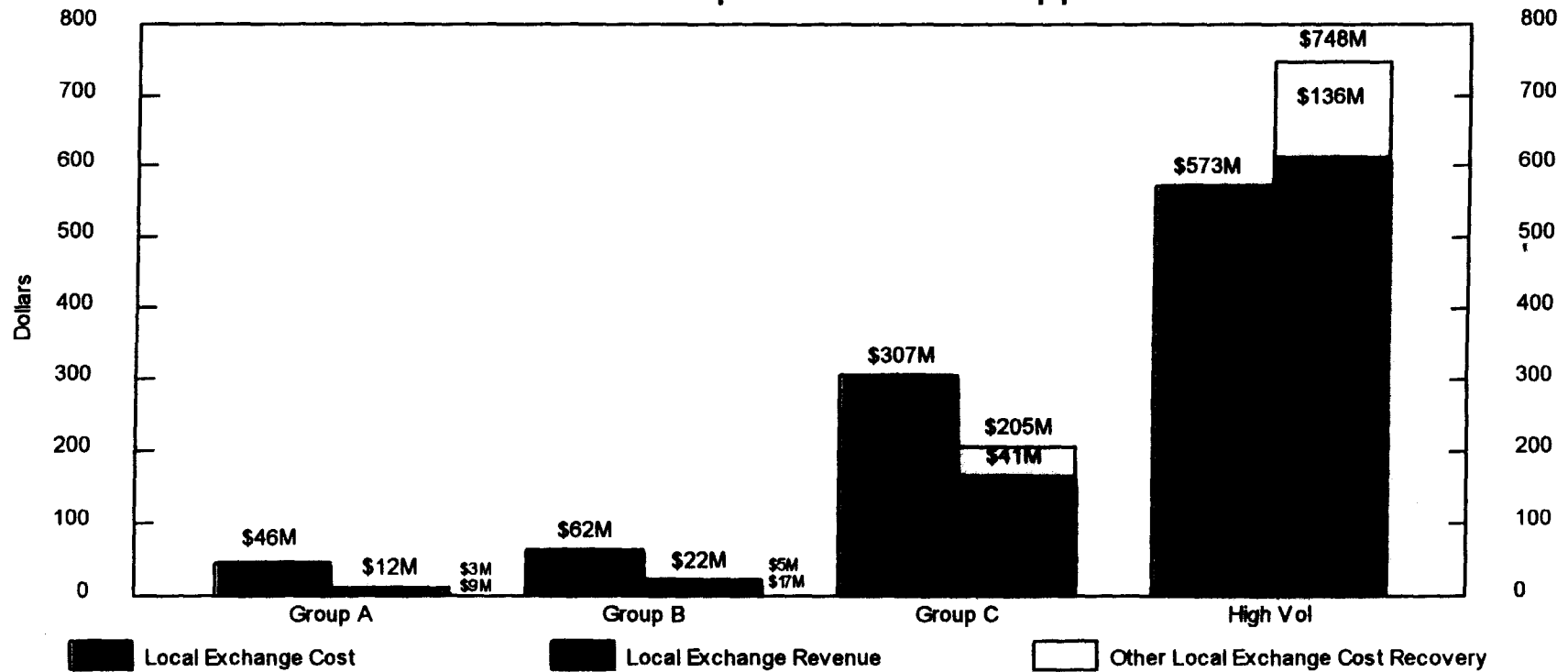


# SWBT - Missouri

## Which Customer Groups Provide the Support to Local



### Analysis of Support Used and Generated to Recover Local Exchange Network Costs

	Support Generated		Support Used	Net Geographic Support
	Toll/Acc/Oth	Local		
High Volume	\$136M	\$40M	\$0	\$176
Group A-C	\$49M	\$0	\$225M	(\$176M)
Total	\$185M	\$40M	\$225M	\$0

1993 Wire Center Study Data

## **SUMMARY -** **MISSOURI LOCAL EXCHANGE SUPPORT**

- Total toll, access and other support to maintain existing local exchange rates in Missouri is \$185M.
- In addition, \$40M of support for SWBT's rural network in Missouri is provided by urban local exchange customers.
- Local exchange revenues are lower than local exchange costs in most areas of the state.
- In non-urban areas local exchange revenues plus support generated by toll and access customers in those areas does not recover local exchange costs - \$176M short.
- The \$176M shortfall is generated by toll, access and local customers in urban high volume areas.

**SWBT--MISSOURI**

**SUMMARY OF SUPPORT AMOUNTS PER LINE**

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
1	211	294.41	45.22	(249.19)	7.27	2.10	8.37	17.74	(231.45)
2	452	249.01	21.15	(227.86)	1.63	1.81	2.45	5.89	(221.96)
3	422	226.16	21.35	(204.82)	1.13	0.83	1.39	3.35	(201.47)
4	801	195.93	22.84	(173.09)	1.31	1.55	2.05	4.92	(168.17)
5	306	179.93	22.39	(157.54)	1.42	1.42	2.24	5.07	(152.47)
6	131	175.51	24.41	(151.10)	1.25	0.84	1.55	3.64	(147.46)
7	1,180	169.12	19.68	(149.43)	1.20	0.81	1.35	3.35	(146.08)
8	676	170.59	22.57	(148.03)	1.12	0.49	1.28	2.89	(145.13)
9	525	171.85	24.12	(147.73)	1.31	0.58	1.50	3.39	(144.33)
10	625	182.19	37.48	(144.70)	3.26	2.03	4.13	9.42	(135.29)
11	497	155.03	18.66	(136.37)	0.97	0.81	1.10	2.88	(133.49)
12	572	156.09	20.71	(135.38)	1.27	0.86	1.64	3.78	(131.60)
13	525	152.37	21.55	(130.83)	1.09	0.71	1.24	3.04	(127.78)
14	699	154.85	24.42	(130.44)	1.62	1.84	2.50	5.97	(124.47)
15	744	150.44	24.06	(126.38)	1.80	0.81	2.11	4.72	(121.66)
16	875	140.78	21.01	(119.77)	0.94	0.58	1.11	2.62	(117.14)
17	398	137.35	18.36	(118.99)	1.56	0.59	1.80	3.94	(115.04)
18	550	139.08	20.25	(118.83)	0.82	1.81	1.65	4.28	(114.55)
19	564	137.41	21.73	(115.68)	1.28	1.52	2.15	4.96	(110.72)
20	318	135.93	22.26	(113.68)	1.12	0.70	1.29	3.11	(110.57)
21	1,084	132.12	18.62	(113.49)	1.13	0.85	1.35	3.33	(110.16)
22	345	135.61	23.20	(112.40)	1.83	0.45	2.02	4.30	(108.11)
23	1,904	126.89	16.80	(110.08)	1.05	1.11	1.53	3.68	(106.40)
24	764	139.83	35.90	(103.93)	0.76	0.31	0.90	1.97	(101.96)
25	535	137.90	35.05	(102.85)	1.11	0.46	1.25	2.82	(100.02)
26	745	130.29	29.60	(100.69)	1.42	0.74	1.81	3.98	(96.71)
27	1,211	119.89	20.17	(99.73)	1.29	0.99	1.64	3.93	(95.80)

**SWBT--MISSOURI**

**SUMMARY OF SUPPORT AMOUNTS PER LINE**

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
28	1,890	120.30	21.17	(99.13)	1.25	0.88	1.48	3.61	(95.52)
29	277	114.05	18.81	(95.24)	0.50	1.13	0.98	2.61	(92.62)
30	473	114.40	21.30	(93.10)	1.25	0.64	1.43	3.32	(89.79)
31	405	116.92	27.35	(89.57)	1.82	0.47	1.97	4.26	(85.31)
32	442	109.94	21.66	(88.28)	1.03	1.95	1.95	4.93	(83.35)
33	1,278	106.79	22.38	(84.41)	1.37	0.71	1.57	3.65	(80.75)
34	677	104.01	20.78	(83.22)	1.08	0.71	1.22	3.01	(80.21)
35	634	105.11	20.12	(84.98)	1.74	1.34	2.17	5.25	(79.73)
36	1,014	105.17	19.66	(85.52)	1.17	3.17	2.68	7.01	(78.51)
37	630	104.12	22.63	(81.49)	1.23	0.53	1.39	3.16	(78.32)
38	1,762	106.44	25.06	(81.38)	1.34	0.66	1.69	3.68	(77.70)
39	1,778	102.33	21.50	(80.83)	1.32	0.99	1.51	3.82	(77.00)
40	712	100.19	20.59	(79.60)	1.12	0.77	1.48	3.37	(76.23)
41	615	98.90	20.02	(78.88)	0.89	1.59	1.65	4.14	(74.74)
42	2,412	97.96	19.96	(77.99)	1.20	0.81	1.39	3.39	(74.60)
43	462	97.09	21.92	(75.17)	1.08	0.49	1.23	2.80	(72.37)
44	2,546	100.41	21.82	(78.59)	1.79	1.94	2.71	6.44	(72.15)
45	837	98.15	23.70	(74.45)	1.30	0.57	1.49	3.36	(71.09)
46	3,357	95.94	21.42	(74.53)	1.20	1.02	1.68	3.90	(70.62)
47	685	96.61	23.63	(72.98)	1.31	0.55	1.46	3.32	(69.66)
48	1,073	94.17	22.42	(71.75)	1.20	0.55	1.41	3.16	(68.60)
49	885	91.55	21.68	(69.87)	1.19	1.22	1.85	4.26	(65.60)
50	2,138	95.07	25.29	(69.77)	1.54	0.79	1.95	4.28	(65.50)
51	609	95.07	26.83	(68.24)	1.06	0.55	1.32	2.93	(65.32)
52	1,972	91.96	21.99	(69.97)	1.57	1.39	2.14	5.11	(64.86)
53	828	88.12	19.13	(68.99)	1.25	1.26	1.81	4.32	(64.67)
54	2,118	90.85	23.68	(67.16)	1.12	0.90	1.52	3.54	(63.63)

**SWBT--MISSOURI**

**SUMMARY OF SUPPORT AMOUNTS PER LINE**

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
55	943	87.57	19.78	(67.79)	1.72	0.98	2.12	4.82	(62.97)
56	2,419	89.61	21.60	(68.00)	0.99	2.12	1.99	5.10	(62.90)
57	425	86.61	20.88	(65.73)	1.52	0.51	1.69	3.72	(62.01)
58	2,768	87.99	21.92	(66.06)	1.63	1.01	2.03	4.67	(61.40)
59	5,234	97.82	34.75	(63.07)	1.15	0.52	1.33	3.00	(60.08)
60	4,742	84.58	21.83	(62.75)	1.28	0.74	1.46	3.48	(59.27)
61	5,993	84.26	21.54	(62.72)	1.36	1.01	1.81	4.18	(58.55)
62	541	87.06	23.84	(63.22)	1.96	1.24	2.29	5.49	(57.73)
63	1,437	81.92	21.62	(60.30)	1.02	0.68	1.18	2.88	(57.41)
64	4,732	85.65	24.65	(61.00)	1.65	1.14	2.10	4.89	(56.10)
65	1,810	78.56	19.84	(58.72)	1.24	0.71	1.46	3.40	(55.32)
66	2,730	81.73	22.87	(58.85)	1.37	0.71	1.76	3.84	(55.01)
67	898	83.23	25.07	(58.16)	1.66	0.57	1.89	4.12	(54.04)
68	921	82.88	24.36	(58.51)	1.20	1.43	2.06	4.69	(53.82)
69	4,331	79.21	22.30	(56.90)	1.10	0.71	1.29	3.11	(53.79)
70	1,089	80.44	23.71	(56.74)	1.55	0.83	1.80	4.18	(52.55)
71	1,803	79.37	22.19	(57.17)	1.56	1.07	2.02	4.64	(52.53)
72	1,259	76.04	20.74	(55.30)	0.99	0.72	1.15	2.85	(52.45)
73	5,519	80.52	23.96	(56.57)	1.46	1.00	1.74	4.20	(52.37)
74	846	76.44	20.27	(56.17)	1.65	0.79	2.01	4.44	(51.73)
75	1,312	77.06	20.82	(56.24)	1.67	0.87	1.98	4.52	(51.72)
76	889	76.12	20.10	(56.02)	1.53	1.17	2.00	4.70	(51.32)
77	1,156	75.64	20.86	(54.78)	1.34	0.68	1.51	3.54	(51.24)
78	389	78.68	24.75	(53.93)	1.33	0.45	1.51	3.30	(50.63)
79	651	75.06	21.96	(53.10)	1.93	0.47	2.12	4.51	(48.58)
80	863	71.24	19.84	(51.40)	1.25	0.80	1.46	3.51	(47.89)
81	597	73.81	22.41	(51.40)	1.49	0.46	1.65	3.59	(47.81)

# SWBT--MISSOURI

## SUMMARY OF SUPPORT AMOUNTS PER LINE

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
82	6,230	80.37	26.61	(53.77)	1.96	1.63	2.71	6.30	(47.47)
83	1,824	72.73	22.47	(50.26)	1.24	0.63	1.46	3.34	(46.92)
84	2,858	71.66	21.70	(49.95)	1.27	1.00	1.67	3.94	(46.01)
85	753	71.33	23.10	(48.22)	1.15	0.43	1.30	2.88	(45.34)
86	8,178	73.50	25.11	(48.39)	1.48	0.66	1.69	3.83	(44.56)
87	2,589	69.50	21.97	(47.53)	1.47	0.51	1.66	3.64	(43.89)
88	6,435	71.85	23.86	(47.98)	1.56	0.82	1.79	4.17	(43.81)
89	1,967	73.72	22.80	(50.92)	1.93	2.08	3.10	7.11	(43.81)
90	3,642	80.22	32.78	(47.44)	1.61	0.78	1.89	4.28	(43.16)
91	1,166	73.29	26.97	(46.32)	1.19	0.66	1.53	3.38	(42.94)
92	3,218	81.04	34.75	(46.29)	1.31	0.84	1.54	3.69	(42.61)
93	8,072	74.22	24.49	(49.74)	2.28	2.29	3.43	7.99	(41.74)
94	6,596	76.57	28.62	(47.95)	2.05	1.57	2.75	6.37	(41.58)
95	7,456	69.34	25.00	(44.34)	1.08	0.57	1.29	2.94	(41.39)
96	2,773	78.16	33.59	(44.57)	1.58	0.67	1.91	4.16	(40.41)
97	879	67.51	22.38	(45.13)	2.32	0.46	2.52	5.30	(39.82)
98	3,604	72.44	24.56	(47.88)	3.64	1.66	4.13	9.43	(38.46)
99	1,071	63.23	20.87	(42.37)	1.43	1.11	2.04	4.57	(37.79)
100	9,042	68.20	26.56	(41.64)	1.60	1.07	1.90	4.57	(37.06)
101	3,406	64.20	21.89	(42.31)	1.96	1.19	2.49	5.63	(36.68)
102	1,232	60.17	20.11	(40.07)	0.99	1.02	1.38	3.39	(36.67)
103	5,992	70.69	28.73	(41.96)	2.31	1.16	2.94	6.41	(35.55)
104	2,591	64.11	23.42	(40.69)	1.91	1.01	2.27	5.19	(35.51)
105	5,622	63.75	24.14	(39.61)	1.62	1.71	2.44	5.77	(33.84)
106	3,831	58.89	23.25	(35.65)	1.35	1.10	1.57	4.03	(31.62)
107	543	73.66	33.95	(39.70)	3.46	1.23	3.94	8.63	(31.07)
108	1,137	52.69	21.49	(31.20)	1.34	0.60	1.53	3.47	(27.73)

**SWBT--MISSOURI**

**SUMMARY OF SUPPORT AMOUNTS PER LINE**

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
109	6,761	79.12	43.85	(35.27)	3.19	0.85	3.63	7.67	(27.61)
110	4,184	77.01	44.93	(32.08)	1.76	0.67	2.06	4.49	(27.59)
111	1,642	59.43	25.22	(34.21)	2.39	1.18	3.06	6.63	(27.58)
112	2,008	70.86	40.47	(30.39)	1.11	0.48	1.28	2.87	(27.52)
113	5,674	56.55	23.91	(32.64)	1.88	0.86	2.38	5.13	(27.52)
114	1,694	51.06	20.01	(31.05)	1.45	1.07	1.85	4.37	(26.68)
115	1,232	50.26	22.02	(28.24)	1.18	0.45	1.36	2.99	(25.25)
116	1,136	53.47	24.44	(29.02)	1.67	0.40	1.83	3.90	(25.12)
117	1,084	56.72	28.06	(28.67)	1.43	0.77	1.81	4.01	(24.66)
118	1,255	47.34	19.89	(27.45)	1.47	0.57	1.68	3.72	(23.73)
119	5,764	55.26	27.31	(27.96)	1.61	1.29	1.96	4.87	(23.09)
120	4,116	48.66	22.10	(26.56)	1.24	0.78	1.51	3.54	(23.02)
121	4,643	60.53	34.21	(26.32)	1.64	0.74	1.90	4.28	(22.04)
122	11,148	52.70	28.25	(24.44)	1.46	0.73	1.69	3.88	(20.56)
123	5,791	48.28	24.81	(23.47)	1.43	0.52	1.63	3.58	(19.89)
124	1,377	45.68	21.65	(24.03)	1.50	0.80	1.87	4.17	(19.86)
125	7,711	51.05	25.54	(25.51)	2.15	1.12	2.57	5.83	(19.67)
126	3,088	48.90	24.29	(24.62)	2.18	0.78	2.46	5.41	(19.20)
127	8,034	50.09	24.75	(25.34)	1.88	1.83	2.77	6.47	(18.87)
128	15,027	52.62	30.42	(22.20)	1.59	0.64	1.94	4.17	(18.03)
129	3,473	44.34	22.89	(21.45)	1.67	0.69	1.91	4.27	(17.18)
130	15,304	46.76	24.48	(22.28)	1.61	1.46	2.12	5.19	(17.09)
131	2,865	42.00	21.59	(20.40)	1.31	0.54	1.50	3.35	(17.05)
132	6,721	52.70	33.01	(19.69)	1.38	0.63	1.67	3.67	(16.02)
133	9,047	46.24	25.23	(21.01)	2.17	1.14	2.64	5.96	(15.06)
134	3,051	67.97	50.31	(17.66)	0.98	0.48	1.19	2.65	(15.00)
135	6,313	44.46	25.31	(19.15)	1.60	0.84	1.86	4.30	(14.85)

# SWBT--MISSOURI

## SUMMARY OF SUPPORT AMOUNTS PER LINE

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	a	b	c	d = b - c	e	f	g	h = e + f + g	i = d + h
136	4,194	44.43	22.38	(22.06)	2.04	2.08	3.13	7.25	(14.81)
137	4,352	44.07	25.24	(18.83)	1.52	0.81	1.93	4.26	(14.56)
138	3,924	40.65	22.32	(18.33)	1.45	0.88	1.78	4.11	(14.22)
139	1,952	42.18	23.24	(18.94)	1.86	0.83	2.07	4.76	(14.18)
140	3,190	39.63	21.46	(18.18)	1.45	1.10	1.89	4.45	(13.73)
141	5,983	45.00	26.66	(18.34)	2.14	0.69	2.42	5.25	(13.09)
142	14,275	50.19	32.19	(17.99)	1.94	0.75	2.32	5.01	(12.98)
143	1,501	39.20	22.92	(16.28)	2.06	0.78	2.45	5.29	(11.00)
144	15,593	42.79	27.03	(15.77)	1.84	0.87	2.15	4.86	(10.90)
145	1,667	39.41	24.25	(15.16)	1.73	0.85	2.02	4.60	(10.56)
146	2,129	42.22	26.48	(15.74)	2.42	0.70	2.70	5.82	(9.93)
147	5,349	37.41	23.18	(14.24)	1.67	0.72	2.01	4.40	(9.84)
148	1,691	35.30	22.44	(12.85)	1.25	0.56	1.44	3.24	(9.61)
149	11,217	39.72	24.94	(14.79)	2.04	1.00	2.51	5.54	(9.24)
150	9,309	40.88	28.71	(12.16)	1.31	0.51	1.58	3.41	(8.75)
151	35,785	42.85	27.18	(15.67)	2.64	1.11	3.17	6.92	(8.75)
152	8,615	40.45	26.82	(13.63)	1.94	1.34	2.15	5.43	(8.19)
153	4,889	37.28	23.85	(13.42)	2.07	1.26	2.52	5.86	(7.56)
154	3,466	36.24	23.92	(12.32)	2.16	0.71	2.42	5.29	(7.03)
155	15,584	44.33	31.77	(12.56)	2.19	0.75	2.61	5.55	(7.01)
156	3,678	44.46	34.38	(10.08)	1.27	0.57	1.45	3.30	(6.78)
157	6,586	36.30	24.92	(11.38)	1.68	1.50	2.27	5.46	(5.93)
158	6,195	37.26	25.30	(11.96)	2.06	1.34	2.75	6.14	(5.82)
159	8,110	47.92	41.35	(6.57)	1.25	0.48	1.45	3.18	(3.39)
160	32,054	38.14	32.27	(5.87)	1.81	0.63	2.15	4.60	(1.27)
161	49,581	36.79	28.66	(8.12)	2.38	1.43	3.14	6.96	(1.17)
162	23,033	36.17	31.98	(4.19)	1.42	0.40	1.64	3.46	(0.73)



**SWBT--MISSOURI**

**SUMMARY OF SUPPORT AMOUNTS PER LINE**

Exchange #	Switched Lines	Local Cost /Ln/Mo	Local Revenue /Ln/Mo	Local Support Req	IS CCL Rev/Ln/Mo	ST CCL Rev/Ln/Mo	Toll/Other Support	Support Generated	Net Support
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = b - c</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h = e + f + g</i>	<i>i = d + h</i>
163	17,402	36.16	30.40	(5.76)	1.98	0.76	2.40	5.14	(0.62)
164	35,511	30.51	26.43	(4.08)	1.67	0.71	1.93	4.31	0.23
165	23,422	35.72	31.81	(3.91)	1.84	0.77	2.25	4.86	0.95
166	25,880	38.69	32.30	(6.39)	2.96	0.93	3.46	7.35	0.97
167	13,709	38.65	37.43	(1.22)	1.18	0.48	1.35	3.02	1.80
168	13,953	45.83	42.11	(3.72)	2.43	0.75	2.68	5.87	2.15
169	18,197	32.81	30.83	(1.98)	1.80	0.41	2.03	4.23	2.26
170	22,532	32.99	29.15	(3.84)	2.42	1.12	2.69	6.23	2.39
171	52,030	35.86	31.40	(4.46)	2.37	1.48	3.15	7.00	2.54
172	16,899	30.68	29.12	(1.56)	1.91	0.67	2.27	4.85	3.29
173	7,039	28.28	28.77	0.50	1.15	0.71	1.35	3.21	3.71
174	26,254	37.01	35.86	(1.15)	2.05	0.84	2.51	5.39	4.24
175	18,729	49.58	44.80	(4.78)	3.78	1.07	4.27	9.12	4.34
176	6,895	40.49	42.86	2.37	1.18	0.44	1.39	3.01	5.38
177	5,949	26.44	27.00	0.56	1.67	1.28	2.11	5.07	5.62
178	31,058	28.74	30.51	1.77	1.52	0.59	1.82	3.93	5.69
179	34,803	26.25	29.55	3.30	1.26	0.50	1.52	3.27	6.57
180	33,578	27.46	29.69	2.23	1.75	0.62	2.07	4.44	6.67
181	37,543	25.09	28.59	3.50	1.44	0.43	1.61	3.48	6.98
182	19,305	27.83	32.02	4.19	1.48	0.39	1.68	3.54	7.73
183	12,275	23.48	25.76	2.28	1.96	1.19	2.58	5.73	8.01
184	27,494	23.95	29.17	5.23	1.18	0.30	1.34	2.82	8.04
185	22,231	20.75	26.60	5.85	1.02	0.31	1.14	2.47	8.32
186	24,819	26.26	31.03	4.78	1.63	0.48	1.82	3.92	8.70
187	11,306	33.39	36.94	3.55	2.13	0.65	2.43	5.21	8.76
188	32,310	37.49	41.60	4.11	2.11	0.68	2.44	5.23	9.34
189	47,526	26.54	32.97	6.43	1.32	0.32	1.44	3.08	9.51

# SWBT--MISSOURI

## SUMMARY OF SUPPORT AMOUNTS PER LINE

Exchange #	Switched Lines <i>a</i>	Local Cost /Ln/Mo <i>b</i>	Local Revenue /Ln/Mo <i>c</i>	Local Support Req <i>d = b - c</i>	IS CCL Rev/Ln/Mo <i>e</i>	ST CCL Rev/Ln/Mo <i>f</i>	Toll/Other Support <i>g</i>	Support Generated <i>h = e + f + g</i>	Net Support <i>i = d + h</i>
190	45,563	21.98	29.12	7.14	1.36	0.39	1.57	3.32	10.46
191	8,299	22.57	26.85	4.28	1.91	1.93	2.97	6.80	11.08
192	47,805	17.60	26.93	9.32	1.04	0.29	1.15	2.47	11.79
193	34,917	30.12	36.56	6.44	2.35	0.64	2.58	5.57	12.01
194	25,907	25.77	34.01	8.24	1.88	0.63	2.20	4.71	12.95
195	31,501	24.05	33.15	9.10	1.71	0.48	1.89	4.08	13.18
196	44,028	23.95	33.78	9.83	1.95	0.61	2.29	4.85	14.68
197	40,980	27.01	36.46	9.45	2.28	0.61	2.59	5.48	14.93
198	50,645	33.75	41.60	7.85	3.08	0.79	3.39	7.26	15.11
199	27,336	32.60	40.85	8.25	2.92	0.82	3.30	7.04	15.29
200	38,515	24.39	34.08	9.69	2.38	0.66	2.66	5.69	15.38
201	12,499	17.41	27.65	10.24	2.14	0.93	2.39	5.45	15.69
202	8,737	39.44	48.96	9.52	3.29	0.97	3.75	8.00	17.52
203	39,159	19.52	33.51	13.99	1.60	0.40	1.78	3.79	17.77
204	32,306	25.12	38.57	13.45	1.79	0.63	2.08	4.51	17.95
205	48,750	23.86	36.63	12.78	2.54	0.58	2.77	5.89	18.67
206	41,318	28.65	40.31	11.67	3.20	0.79	3.60	7.59	19.26
207	45,934	36.19	47.30	11.11	3.56	0.97	3.82	8.34	19.45
208	28,188	17.54	32.20	14.66	2.19	0.56	2.47	5.22	19.88
209	18,585	21.92	37.14	15.22	2.20	0.45	2.39	5.04	20.26
210	38,038	21.62	39.41	17.80	2.49	0.76	2.91	6.17	23.96
211	34,140	14.77	39.06	24.28	1.81	1.97	2.83	6.61	30.90
212	46,854	25.93	50.16	24.23	4.14	1.66	4.93	10.73	34.96

# **MISSOURI - SUMMARY OF SUPPORT WHICH MAY BE LOST DUE TO FCC INTERCONNECTION ORDER**

	<u><b>Missouri</b></u>
1. Support from other (primarily toll and access) services to maintain reasonable local rates	\$205M *
2. Amounts within average toll rates to support reasonable rate levels in high cost areas.	\$ 33M
3. Amounts within average access rates to support reasonable rate levels in high cost areas.	\$ 55M
4. Support within local services	
- Business to Residence	Not Analyzed
- Vertical svcs to Basic svcs	\$135M

*	Missouri
Interstate	\$ 54M
Intrastate	\$ 151M

## **PROXY COST MODELS ARE UNNECESSARY AND INAPPROPRIATE**

**UNIVERSAL SERVICE SUPPORT SHOULD BE EVALUATED BASED ON ACTUAL COSTS FOR LOCAL EXCHANGE NETWORK ACCESS AND THE REVENUES WHICH SUPPORT THESE COSTS. PROXY MODELS PRODUCE HYPOTHETICAL COSTS UNRELATED TO THE ACTUAL COSTS AND REVENUES TO PROVIDE NETWORK ACCESS.**

- Models are not based on real world experience. They produce costs for a hypothetical network which will never be built (and very likely could not be built at the TSLRIC proxy cost) and which will never process a call.
- Models are continuously being revised to incorporate new assumptions, correct errors, etc. When are they correct?
- Models are built on differing sets of inappropriate assumptions about network architecture, network technology, costs to be included, etc.
- Different models (U.S. West Benchmark Cost Model, Hatfield Model, Pacific Bell Cost Proxy Model) produce different results. Each model overstates or understates the necessary costs to deploy a universally available network.

# **PROXY COST MODELS ARE UNNECESSARY** **AND INAPPROPRIATE**

(continued)

**PROXIES NEED TO REASONABLY REPLICATE  
VARIATIONS IN ACTUAL COST FROM STATE TO STATE,  
WIRE CENTER TO WIRE CENTER, AND BETWEEN  
COMPANIES.**

- Models do not accomplish this result.
- Before they can be used, they should reasonably replicate actual costs.

**PROXIES MISASSIGN COSTS TO EXISTING LECS.**

- The priceouts use census blocks which do not conform to ownership.

LOCAL EXCHANGE COSTS	Actual Costs (per loop, per month)	WHICH COST IS RIGHT ?							California Cost Proxy Model (per line, per month)
		Hatfield Models				Benchmark Cost Models			
		Original (per household, per month)	AT&T Version 2.2 Release 1 (per line, per month)	MCI Version 2.2 Release 1 (per line, per month)	AT&T Version 2.2 Release 2 (per line, per month)	BCM (per household, per month)  Expenses based on ARMIS      Hatfield		BCM2 (per line, per month)  Expenses based on ARMIS	
Nationwide		\$21.36				\$23.04	\$16.71	\$29.98	
SWBT - Arkansas	\$39.59					\$24.40	\$17.69	\$34.24	
TOTAL - Arkansas			\$21.76	\$20.82		\$33.56	\$24.34	\$40.97	
SWBT - Kansas	\$35.27				\$20.99	\$23.23	\$16.85	\$29.28	
TOTAL - Kansas			\$20.02	\$19.19		\$33.01	\$23.94	\$35.37	
SWBT - Missouri	\$36.83					\$20.66	\$14.98	\$28.11	
TOTAL - Missouri			\$19.15	\$18.34		\$28.43	\$20.61	\$34.17	
SWBT - Oklahoma	\$36.05					\$19.38	\$14.05	\$30.60	
TOTAL - Oklahoma			\$19.62	\$18.77		\$26.59	\$19.29	\$35.06	
SWBT - Texas	\$37.03				\$15.41	\$20.73	\$15.03	\$27.25	\$34.00 EST.
TOTAL - Texas			\$16.11	\$15.41		\$25.14	\$18.23	\$29.98	
	1993 Data from USF Data Submission of September, 1995; SWBT Wire Center Study of October, 1995	MCI Hatfield Study July, 1994	AT&T Filing 7/3/96 CC Dkt No. 96-98	MCI Filing 7/7/96 CC Docket Nos. 96-45 & 96-98	AT&T Filing 8/5/96 Kansas Docket No. 190,492-U; AT&T Filing 8/19/96 Texas Dkt # 16226	Joint Sponsors (US West/SPRINT /NYNEX/MCI), 12/1/95 Filing in CC Docket No. 80-286 and SWBT Ex Parte Dated 2/22/96 (default input & output values)		US West/Sprint Ex Parte, 7/3/96 CC Docket No. 96-45 (default input & output values)	reference: Pacific Telesis Filing, 6/3/96 CC Docket No. 96-45; also Data Request response due 8/15/96

## **HATFIELD/TSLRIC MODEL IS INAPPROPRIATE AND SUBSTANTIALLY UNDERSTATES ACTUAL COSTS**

### **COMPLETE INFORMATION ON MODEL HAS NOT BEEN READILY AVAILABLE.**

- Original Hatfield model provided only nationwide results.
- Later, Hatfield Version 2.2, Release 1 produced only a total state result.
- The newest version, Hatfield Version 2.2, Release 2, was filed by AT&T on August 27, 1996 in FCC Docket 96-45. The model, its results and assumptions are currently being analyzed by SWBT.

### **INVESTMENT IS SUBSTANTIALLY UNDERSTATED.**

- Network elements necessary to provide service are omitted.
  - The model excludes investments related to motor vehicles and work equipment, and investments associated with plant under construction and materials & supplies.
  - The model only identifies land and building costs for switching-related facilities. The model excludes necessary land and building costs (for central office circuit facilities, etc.).
  - The BCM model, which the Hatfield model uses, to this point has omitted the cable connection costs from the distribution plant to the customer's house (the drop). AT&T claims that in their latest version presumably filed with the FCC (which is unavailable to SWBT for analysis), drop costs are included. It is unclear, consequently, if an appropriate amount is included. Exclusion of these costs could amount to approximately \$400 million in investment for SWBT in Missouri.

**HATFIELD/TSLRIC MODEL IS INAPPROPRIATE**  
**AND SUBSTANTIALLY UNDERSTATES**  
**ACTUAL COSTS**  
(continued)

- Costs for installation and support structures are understated. For instance, in reality, trenching cost is essentially the same for large, medium, and small cable sizes. The model loads an average trenching cost per cable pair, understating the placement costs of SWBT's cables.
- The Hatfield model relies on the Benchmark Cost Model (BCM) for various elements including fill or capacity utilization. The fill factors are not realistic and can and have been utilized to understate investment in the Hatfield model. Release 2.2 of the Hatfield model used a lower fill factor than the BCM, resulting in higher investment. Finally, the model has not been updated with the latest BCM2 fill which would substantially raise investments.
- The model uses a very conservative rate of return --- well below (125 basis points) the authorized 11.25% federal return.
- The capital recovery assumptions in the model are incorrect. The model does not account for replacement of plant which understates net investment and the related capital costs (depreciation, return and income taxes).
- The model relies on incorrect input assumptions. For instance, the model assigns entire CBG costs to one LEC, when in fact CBGs are often served by different LECs, and costs should be split among LECs.



**HATFIELD/TSLRIC MODEL IS INAPPROPRIATE**  
**AND SUBSTANTIALLY UNDERSTATES**  
**ACTUAL COSTS**  
(continued)

**EXPENSES ARE SUBSTANTIALLY UNDERSTATED.**

- Maintenance and depreciation expense are calculated based on investment levels. Because investments are understated, the expenses are understated.
- Release 2.2 of the model excludes customer service expenses from its cost calculation, even though customers (including competitors) would still have to order service, inquire about bills, etc.
- The model excludes marketing expenses even though these expenses are required by the Federal Act to advertise the availability of universal services.

**SOUTHWESTERN BELL TELEPHONE COMPANY-MISSOURI**  
**LOCAL EXCHANGE COSTS (SWITCHED SERVICES)**  
**COMPARISON OF HATFIELD MODEL VER 2.2 RELEASE 1 COSTS WITH SWBT 1995 ACTUAL COSTS**

	TOTAL EXCLUDING PRIVATE LINE	TOTAL LOCAL	LOOP	SWITCH	TRANSPORT
<b>Direct Facility Invest.</b>					
2 COE	(326,443,833)	(221,190,824)	(126,196,350)	20,943,341	
3 C&WF	(1,016,761,185)	(977,907,510)	NA	(38,853,675)	
4 IOT	0	NA	NA	0	
5 Operator Systems	(10,938,195)	NA	(10,938,195)	0	
6 Total Direct Facility Investment	(1,360,606,201)	(1,235,561,323)	(137,134,545)	(17,910,334)	
7 COE Reserves	(98,658,127)	(82,701,210)	(25,288,289)	9,333,372	
8 C&WF Reserves	(476,671,299)	(463,895,728)	NA	(12,775,570)	
9 IOT Reserves	0	NA	NA	0	
10 Oper Sys Reserves	(3,818,139)	NA	(3,818,139)	0	
11 COE Deferred Taxes	(179,633,813)	(51,685,525)	(111,789,432)	(16,158,856)	
12 C&WF Deferred Taxes	(126,187,550)	(120,061,968)	NA	(6,125,582)	
13 IOT Deferred Taxes	0	NA	NA	0	
14 Oper Sys Deferred Taxes	(1,708,367)	NA	(1,708,367)	0	
15 Total Direct Facility Reserves	(918,947,904)	(750,617,041)	(142,604,227)	(25,728,636)	
16 Net Investment	(471,658,287)	(484,944,282)	5,469,682	7,816,303	
17 Direct Return and Tax	(96,303,174)	(90,923,748)	(6,628,904)	248,480	
<b>Direct Facility Exp.</b>					
18 COE Maint.	(27,983,677)	(5,821,371)	(24,293,654)	2,131,347	
19 C&WF Maint.	64,961,372	67,023,041	NA	(2,061,669)	
20 IOT Maint.	0	NA	NA	0	
21 OS Maint.	(840,582)	NA	(840,582)	0	
22 COE Depreciation	(45,720,202)	(18,308,048)	(25,603,769)	(1,806,385)	
23 C&WF Depreciation	(54,586,204)	(53,919,589)	NA	(666,635)	
24 IOT Depreciation	0	NA	NA	0	
25 OS Depreciation	(776,697)	NA	(776,697)	0	
26 Network Operations	(22,725,187)	(20,063,867)	(3,048,799)	387,479	
27 Property Tax					
28 Total Direct Expense	(138,498,182)	(64,928,295)	(66,661,149)	(6,916,738)	
29 Total Direct Cost	(232,799,356)	(155,853,043)	(71,280,055)	(5,666,256)	
<b>Customer Service Related Expense</b>					
30 Customer Service Exp. (1)	(58,728,955)	(42,442,006)	(12,451,537)	(3,835,412)	
31 Operator Services (1)	(24,698,115)	(17,848,735)	(5,236,420)	(1,612,960)	
32 Total Customer Services Expenses	(83,427,070)	(60,290,741)	(17,687,957)	(5,448,372)	
<b>Network and Service Support Investments</b>					
33 Gen. Sup. Fac. Inv.	(588,588,726)	(519,784,708)	(54,605,198)	(14,178,822)	
34 Oth. Investment	(56,278,360)	(44,210,094)	(8,529,571)	(3,538,695)	
35 Gen. Sup.-Def. Taxes	(100,090,797)	(73,459,308)	(20,697,682)	(5,933,809)	
36 GSF Reserves	(118,448,117)	(123,161,341)	(467,891)	5,181,115	
37 Other Reserves	(5,938,788)	(4,343,136)	(1,194,382)	(401,258)	
38 Net Investment	(420,369,386)	(363,031,018)	(40,774,804)	(16,563,565)	
39 Support Investment Return and Tax	(71,948,472)	(60,263,781)	(7,969,677)	(3,726,014)	
<b>Network and Service Support Expenses</b>					
40 Depreciation (GSF)	(37,920,357)	(32,137,607)	(4,029,286)	(1,753,465)	
41 Amortization	(4,785,314)	(3,499,583)	(962,409)	(323,322)	
42 GSF Expenses	16,463,357	12,458,870	3,059,310	945,177	
43 Other	(3,091,947)	(2,268,672)	(638,100)	(185,175)	
44 Other Taxes	15,988,570	10,191,168	3,632,901	2,164,501	
45 Total Support Expenses	(13,346,691)	(16,256,824)	1,062,417	847,716	
<b>Common Costs</b>					
46 Marketing	(23,279,585)	(16,823,597)	(4,935,668)	(1,520,320)	
47 Corporate	(40,579,791)	(31,575,224)	(8,496,578)	(507,968)	
48 Total Common Costs	(63,859,376)	(48,398,821)	(13,432,246)	(2,028,308)	
49 Total Costs	(465,379,963)	(340,062,211)	(108,297,618)	(16,020,236)	

**SOUTHWESTERN BELL TELEPHONE COMPANY—MISSOURI**  
**LOCAL EXCHANGE COSTS (SWITCHED SERVICES)**  
**COMPARISON OF HATFIELD MODEL VER 2.2 RELEASE 1 COSTS WITH SWBT 1995 ACTUAL COSTS**

	HATFIELD	SWBT	DIFFERENCE
<b>Direct Facility Invest.</b>			
2 COE	772,590,262	1,099,034,095	(326,443,833)
3 C&WF	806,769,895	1,623,530,880	(1,016,761,185)
4 IOT	38,576,200	75,039,189	(36,462,989)
5 Operator Systems	0	10,938,195	(10,938,195)
6 Total Direct Facility Investment	1,417,936,158	2,808,542,359	(1,390,606,201)
7 COE Reserves	315,663,602	414,319,729	(98,656,127)
8 C&WF Reserves	214,442,005	691,113,304	(476,671,299)
9 IOT Reserves	18,736,484	41,755,355	(23,018,891)
10 Oper Sys Reserves	0	3,818,139	(3,818,139)
11 COE Deferred Taxes	0	179,833,813	(179,833,813)
12 C&WF Deferred Taxes	0	126,187,550	(126,187,550)
13 IOT Deferred Taxes	0	9,255,719	(9,255,719)
14 Oper Sys Deferred Taxes	0	1,708,367	(1,708,367)
15 Total Direct Facility Reserves	548,844,072	1,467,791,878	(918,947,904)
16 Net Investment	869,092,086	1,340,750,383	(471,658,297)
<b>17 Direct Return and Tax</b>	<b>120,306,170</b>	<b>218,646,869</b>	<b>(98,341,699)</b>
<b>Direct Facility Exp.</b>			
18 COE Maint.	23,517,983	51,501,680	(27,983,677)
19 C&WF Maint.	165,806,064	100,644,722	64,961,372
20 IOT Maint.	32,436,533	24,187,753	8,268,780
21 OS Maint.	0	840,582	(840,582)
22 COE Depreciation	51,180,253	96,900,455	(45,720,202)
23 C&WF Depreciation	26,445,107	81,031,311	(54,586,204)
24 IOT Depreciation	4,286,244	5,770,891	(1,484,647)
25 OS Depreciation	0	776,897	(776,897)
26 Network Operations	56,689,208	81,414,395	(22,725,187)
27 Property Tax	0	55,609,139	(55,609,139)
28 Total Direct Expense	362,161,423	498,667,806	(136,486,182)
<b>29 Total Direct Cost</b>	<b>482,466,593</b>	<b>717,304,464</b>	<b>(234,837,871)</b>
<b>Customer Service Related Expense</b>			
30 Customer Service Exp. (1)	0	58,728,955	(58,728,955)
31 Operator Services (1)	0	24,698,115	(24,698,115)
<b>32 Total Customer Services Expenses</b>	<b>0</b>	<b>83,427,069</b>	<b>(83,427,069)</b>
<b>Network and Service Support Investments</b>			
33 Gen. Sup. Fac. Inv.	268,955,188	857,523,914	(588,568,726)
34 Oth. Investment	0	56,278,360	(56,278,360)
35 Gen. Sup.-Def. Taxes	0	100,090,797	(100,090,797)
36 GSF Reserves	136,786,018	255,234,135	(118,448,117)
37 Other Reserves	0	5,938,786	(5,938,786)
38 Net Investment	132,169,170	552,538,556	(420,369,386)
<b>39 Support Investment Return and Tax</b>	<b>20,196,888</b>	<b>90,106,844</b>	<b>(69,909,956)</b>
<b>Network and Service Support Expenses</b>			
40 Depreciation (GSF)	12,921,738	50,842,095	(37,920,357)
41 Amortization	0	4,785,314	(4,785,314)
42 GSF Expenses	(1,104,628)	(17,567,984)	16,463,356
43 Other	0	3,091,947	(3,091,947)
44 Other Taxes	27,804,995	11,816,425	15,988,570
<b>45 Total Support Expenses</b>	<b>39,622,105</b>	<b>62,967,795</b>	<b>(13,345,690)</b>
<b>Common Costs</b>			
46 Marketing	0	23,279,585	(23,279,585)
47 Corporate	54,166,028	94,745,819	(40,579,791)
<b>48 Total Common Costs</b>	<b>54,166,028</b>	<b>118,025,404</b>	<b>(63,859,376)</b>
<b>49 Total Costs</b>	<b>596,461,614</b>	<b>1,061,831,677</b>	<b>(465,370,063)</b>

SOUTHWESTERN BELL TELEPHONE COMPANY-MISSOURI  
LOCAL EXCHANGE COSTS (SWITCHED SERVICES)  
HATFIELD MODEL VER 2.2 RELEASE 1 RESULTS

	TOTAL EXCLUDING PRIVATE LINE	TOTAL LOCAL	LOOP	SWITCH	TRANSPORT
Direct Facility Invest.					
2 COE	772,590,262	210,748,850	422,847,855	138,993,957	
3 C&WF	606,769,695	568,811,547	NA	39,958,148	
4 IOT	38,576,200	38,576,200	NA	NA	
5 Operator Systems	0	NA	0	NA	
6 Total Direct Facility Investment	1,417,936,158	816,136,397	422,847,855	178,952,105	
7 COE Reserves	315,863,802	99,573,337	159,030,159	57,080,108	
8 C&WF Reserves	214,442,005	183,888,538	NA	20,773,468	
9 IOT Reserves	18,738,464	18,738,464	NA	NA	
10 Oper Sys Reserves	0	NA	0	NA	
11 COE Deferred Taxes	0	0	0	0	
12 C&WF Deferred Taxes	0	0	NA	0	
13 IOT Deferred Taxes	0	0	NA	NA	
14 Oper Sys Deferred Taxes	0	NA	0	NA	
15 Total Direct Facility Reserves	548,844,072	311,880,339	159,030,159	77,833,574	
16 Net Investment	869,092,086	504,156,058	263,817,496	101,118,532	
17 Direct Return and Tax	120,305,176	68,970,229	36,081,113	18,243,828	
Direct Facility Exp.					
18 COE Maint.	23,517,983	5,748,207	11,544,332	6,225,443	
19 C&WF Maint.	165,606,084	182,782,119	0	2,823,975	
20 IOT Maint.	32,436,533	32,436,533	NA	NA	
21 OS Maint.	0	NA	NA	NA	
22 COE Depreciation	51,180,253	21,074,865	21,289,947	8,815,441	
23 C&WF Depreciation	26,445,107	23,178,201	0	3,266,906	
24 IOT Depreciation	4,286,244	4,286,244	NA	NA	
25 OS Depreciation	0	NA	NA	NA	
26 Network Operations	58,689,208	39,411,016	13,184,039	6,094,153	
27 Property Tax	0				
28 Total Direct Expense	362,161,423	288,917,186	48,018,318	27,225,918	
29 Total Direct Cost	482,486,593	357,887,415	82,109,431	42,469,747	
Customer Service Related Expense					
30 Customer Service Exp. (1)	0	0	0	0	
31 Operator Services (1)	0	0	0	0	
32 Total Customer Services Expenses	0	0	0	0	
Network and Service Support Investments					
33 Gen. Sup. Fac. Inv.	288,955,188	109,574,974	122,721,360	36,658,854	
34 Oth. Investment	0	0	0	0	
35 Gen. Sup.-Def. Taxes	0	0	0	0	
36 GSF Reserves	136,766,018	64,161,801	52,311,734	20,312,483	
37 Other Reserves	0	0	0	0	
38 Net Investment	132,169,170	45,413,172	70,409,628	16,346,371	
39 Support Investment Return and Tax	20,196,888	7,830,183	10,806,787	1,759,918	
Network and Service Support Expenses					
40 Depreciation (GSF)	12,921,738	5,176,763	6,484,303	1,260,671	
41 Amortization	0	0	0	0	
42 GSF Expenses	(1,104,628)	(434,743)	(573,557)	(96,328)	
43 Other	0	0	0	0	
44 Other Taxes	27,804,995	18,877,029	6,105,690	2,622,276	
45 Total Support Expenses	39,622,105	23,619,049	12,016,436	3,986,620	
Common Costs					
46 Marketing	0	0	0	C	
47 Corporate	54,166,028	37,961,261	11,095,820	5,108,948	
48 Total Common Costs	54,166,028	37,961,261	11,095,820	5,108,948	
49 Total Costs	696,451,614	427,297,907	115,828,473	53,326,234	

\* Property Tax not identifiable in study, probably included in other taxes.

**SOUTHWESTERN BELL TELEPHONE COMPANY—MISSOURI**  
**LOCAL EXCHANGE COSTS (SWITCHED SERVICES)**  
**MISSOURI 1995 WIRE CENTER COST STUDY**

	TOTAL EXCLUDING PRIVATE LINE	TOTAL LOCAL	LOOP	SWITCH	TRANSPORT
Direct Facility Invest.					
2 COE	1,089,034,085	431,939,474	549,044,005	118,050,816	
3 C&WF	1,623,530,880	1,544,719,057	NA	78,811,823	
4 IOT	75,039,189	75,039,189	NA	NA	
5 Operator Systems	10,936,195	NA	10,936,195	NA	
6 Total Direct Facility Investment	2,808,542,359	2,051,697,720	559,982,200	196,862,439	
7 COE Reserves	414,319,729	182,274,547	184,318,448	47,728,734	
8 C&WF Reserves	691,113,304	657,584,266	NA	33,549,038	
9 IOT Reserves	41,755,355	41,755,355	NA	NA	
10 Oper Sys Reserves	3,818,139	NA	3,818,139	NA	
11 COE Deferred Taxes	179,633,813	51,685,525	111,789,432	16,158,856	
12 C&WF Deferred Taxes	126,187,550	120,061,888	NA	6,125,662	
13 IOT Deferred Taxes	9,255,719	9,255,719	NA	NA	
14 Oper Sys Deferred Taxes	1,706,367	NA	1,706,367	NA	
15 Total Direct Facility Reserves	1,467,791,976	1,062,597,360	301,634,366	103,560,210	
16 Net Investment	1,340,750,383	989,100,340	258,347,814	93,302,229	
17 Direct Return and Tax	218,646,869	189,893,977	41,720,019	14,994,349	
Direct Facility Exp.					
18 COE Maint.	51,501,880	11,589,578	35,837,986	4,094,096	
19 C&WF Maint.	100,644,722	95,759,078	NA	4,885,644	
20 IOT Maint.	24,167,753	24,167,753	NA	NA	
21 OS Maint.	840,582	NA	840,582	NA	
22 COE Depreciation	96,900,455	39,382,813	46,893,716	10,823,826	
23 C&WF Depreciation	81,031,311	77,097,770	NA	3,933,541	
24 IOT Depreciation	5,770,891	5,770,891	NA	NA	
25 OS Depreciation	776,897	NA	776,897	NA	
26 Network Operations	81,414,395	59,474,883	16,232,838	5,706,674	
27 Property Tax	55,609,139	40,823,615	11,087,648	3,897,876	
28 Total Direct Expense	488,667,866	363,846,481	111,689,467	33,141,867	
29 Total Direct Cost	717,304,464	513,740,456	153,369,486	48,136,005	
Customer Service Related Expense					
30 Customer Service Exp. (1)	58,728,955	42,442,006	12,451,537	3,835,412	
31 Operator Services (1)	24,698,115	17,848,735	5,236,420	1,612,960	
32 Total Customer Services Expenses	83,427,069	60,290,741	17,687,957	5,448,372	
Network and Service Support Investments					
33 Gen. Sup. Fac. Inv.	857,523,914	629,359,680	177,326,558	50,837,678	
34 Oth. Investment	56,278,360	44,210,094	8,529,571	3,538,695	
35 Gen. Sup.-Def. Taxes	100,090,797	73,459,306	20,697,682	5,933,809	
36 GSF Reserves	255,234,135	187,323,142	52,779,625	15,131,368	
37 Other Reserves	5,938,786	4,343,136	1,194,392	401,258	
38 Net Investment	552,536,556	408,444,190	111,184,430	32,908,936	
39 Support Investment Return and Tax	90,106,844	68,083,964	18,566,464	5,484,832	
Network and Service Support Expenses					
40 Depreciation (GSF)	50,842,095	37,314,370	10,513,589	3,014,136	
41 Amortization	4,765,314	3,499,583	962,409	323,322	
42 GSF Expenses	(17,567,984)	(12,893,613)	(3,632,867)	(1,041,505)	
43 Other	3,091,947	2,268,672	636,100	185,175	
44 Other Taxes	11,816,425	8,685,861	2,472,789	657,775	
45 Total Support Expenses	62,887,798	38,874,873	10,964,019	3,138,904	
Common Costs					
46 Marketing	23,279,585	16,823,597	4,935,668	1,520,320	
47 Corporate	94,745,819	69,536,485	19,592,398	5,616,936	
48 Total Common Costs	118,025,404	86,360,082	24,528,066	7,137,256	
49 Total Costs	1,061,831,577	767,360,118	225,125,992	69,346,469	

## Unit Cost by Network Element

Missouri

SOUTHWESTERN BELL - MO

## A. Loop elements

	0 - 5	5 - 200	200 - 650	650 - 850	850 - 2650	> 2650	Total
<b>Loop Distribution</b>							
Annual Cost	\$ 10,498,828	\$ 88,874,138	\$ 58,270,484	\$ 18,126,523	\$ 147,132,200	\$ 71,827,322	\$ 398,528,320
Units	26,700	408,642	387,780	144,215	1,185,388	843,380	2,812,884
Unit Cost/month	\$ 34.06	\$ 18.42	\$ 12.21	\$ 11.06	\$ 10.28	\$ 8.28	\$ 11.76
<b>Loop Concentration</b>							
Annual Cost	\$ 2,938,877	\$ 20,288,318	\$ 14,418,780	\$ 4,285,841	\$ 25,332,570	\$ 7,381,840	\$ 74,806,134
Units	26,700	408,642	387,780	144,215	1,185,388	843,380	2,812,884
Unit Cost/month	\$ 9.53	\$ 4.15	\$ 3.02	\$ 2.48	\$ 1.77	\$ 0.95	\$ 2.21
<b>Loop Feeder</b>							
Annual Cost	\$ 587,848	\$ 3,184,381	\$ 2,381,887	\$ 928,888	\$ 11,850,711	\$ 7,831,528	\$ 26,376,123
Units	26,700	408,642	387,780	144,215	1,185,388	843,380	2,812,884
Unit Cost/month	\$ 1.81	\$ 0.85	\$ 0.60	\$ 0.64	\$ 0.81	\$ 0.88	\$ 0.78
<b>Total Loop</b>							
Annual Cost	\$ 14,026,553	\$ 113,338,816	\$ 75,071,131	\$ 24,341,452	\$ 184,115,540	\$ 86,820,690	\$ 497,511,583
Units	26,700	408,642	387,780	144,215	1,185,388	843,380	2,812,884
Unit Cost/month	\$ 45.48	\$ 23.23	\$ 15.73	\$ 14.07	\$ 12.84	\$ 11.22	\$ 14.74
<b>Total lines</b>	26,700	408,642	387,780	144,215	1,185,388	843,380	2,812,884
<b>Total lines served by DLC</b>	26,700	382,088	278,758	82,387	485,442	135,555	1,388,948
	Annual Cost	Units		Unit Cost			
<b>End office switching</b>	\$ 118,824,883						
1. Port	\$ 35,847,388	2,284,835 switched lines		\$ 1.32 per line/month			
2. Usage	\$ 83,877,284	38,488,811,388 minutes		\$ 0.0021 per minute			
<b>Signaling network elements</b>	\$ 12,170,810						
links	\$ 102,846	link		\$ 18.08 per link per month			
STP	\$ 10,481,718	3,820,852,112 TCAP + ISUP messages		\$ 0.0028 per message			
SCP	\$ 1,808,447	201,148,200 TCAP messages		\$ 0.0078 per message			
<b>Transport network elements</b>							
1. Dedicated	\$ 112,844,888	712,848 trunks		\$ 13.21 per DS-0 equivalent/month			
Switched	\$ 26,070,828	164,488					
Special	\$ 88,874,038	548,160					
				\$ 0.00131 per minute			
2. Common	\$ 12,881,152	2,520,851,122 minutes		\$ 0.00528 per minute per leg (orig or term)			
3. Tandem switch	\$ 3,781,801	2,140,824,778 minutes		\$ 0.0018 per minute			
Inv							
<b>Operator systems</b>	\$ 7,342,807	n/a					
<b>Total</b>	\$ 748,543,857						
<b>Total wholesale cost per switched line</b>	\$ 21.44						

From AT&T  
7/3/96 Comments  
filed in FCC  
Docket No. 96-98

## **U.S. WEST BENCHMARK (BCM) OR THE BCM2 MODELS ARE INAPPROPRIATE AND MISSTATE ACTUAL COSTS**

**DESPITE THEIR CLAIMS, NEITHER MODEL ACTUALLY USE  
CENSUS BLOCK GROUPS (CBGs).**

- These models assume that the CBG boundaries are square in order to facilitate calculations. Most CBGs are irregular in shape. Both voids and overlaps are created when assumed CBG boundaries are actually mapped to the true CBG boundaries. These voids and overlaps result in the costs being determined on an assumed equivalent square CBG, thereby distorting the level of support necessary for the actual service area. Further misallocation of costs among LECs results from the fact that LECs service areas/customer locations may be significantly different than the area mapped by the CBG. All CBG costs are assigned to a LEC, not multiple LECs serving a CBG.
- The CBG boundaries do not coincide with existing LEC serving areas, nor are they likely to coincide with the service areas of new entrants. As a result, any proxy that employs a CBG approach would require that the serving eligible carriers all map their customers to the CBG boundaries described in the particular model, in order to determine the support per customer. SWBT, and presumptively most other LECs, do not presently have this detailed customer mapping. This would be an expense that would have to be incurred in connection with this hypothetical approach.
- Many of the concerns expressed in the previous section on the Hatfield model regarding investment assumptions, fill factors, expense loadings, etc. also apply to the BCM models, and are not repeated here.

**U.S. WEST BENCHMARK (BCM) OR THE  
BCM2 MODELS ARE INAPPROPRIATE AND  
MISSTATE ACTUAL COSTS**

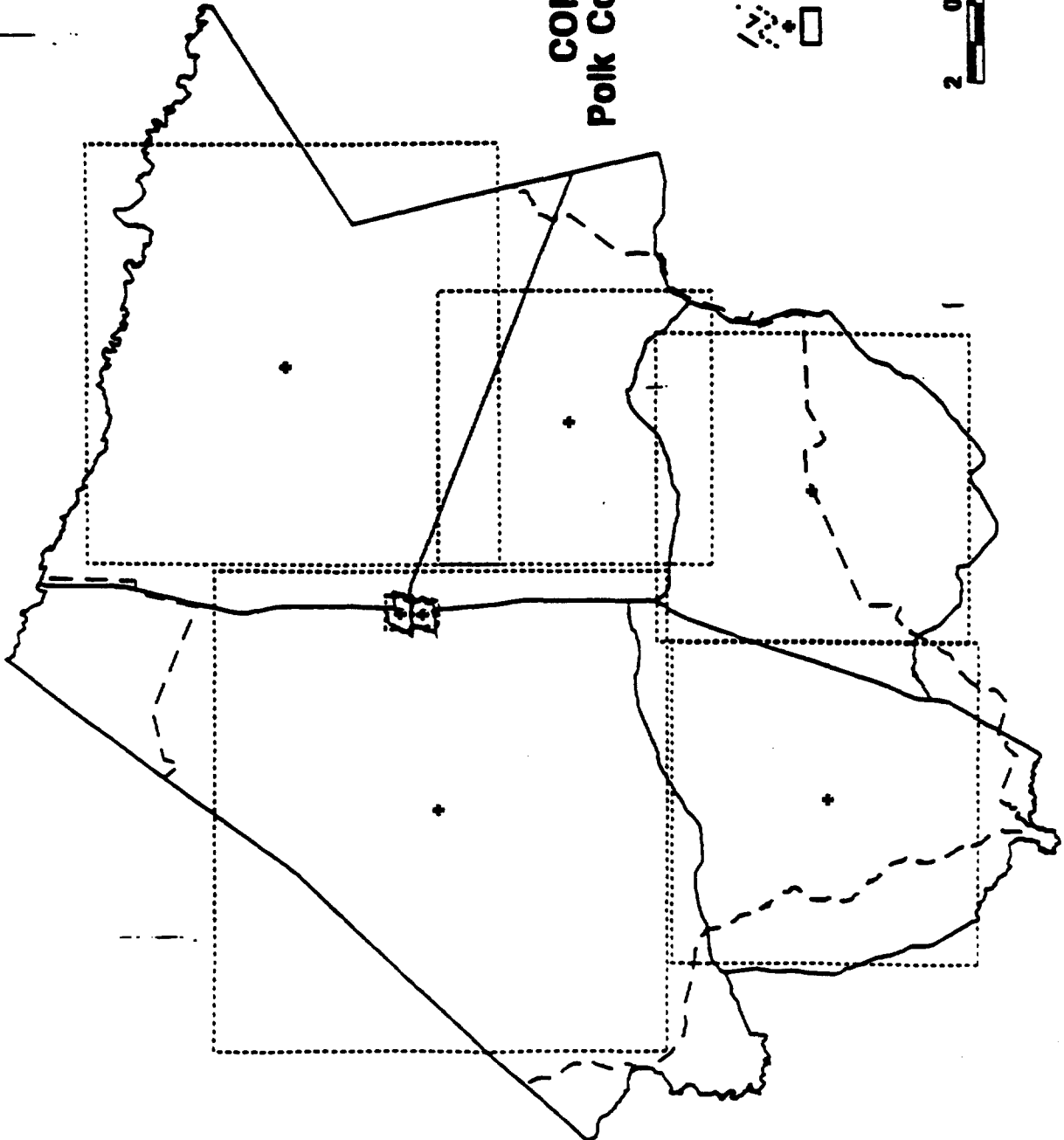
(continued)

**PROXY RESULTS VARY SIGNIFICANTLY FROM ACTUAL COSTS.**

- **Comparison of Pennsylvania Company Results**
  - ▶ For 6 Companies (24%) BCM2 Cost Is from 75% to 100% of Estimated Actual Cost
  - ▶ For 4 Companies (16%) BCM2 Cost Is from 100% to 125% of Estimated Actual Cost
  - ▶ For 15 Companies (60%) BCM2 Cost Is More than 125% of Estimated Actual Cost
  
- **Comparison of Southwestern Bell- Missouri Wire Center Results**
  - ▶ For 2 Wire Centers ( 1%) BCM2 Cost Is less than 25% of Estimated Actual Cost
  - ▶ For 30 Wire Centers (14%) BCM2 Cost Is from 25% to 50% of Estimated Actual Cost
  - ▶ For 95 Wire Centers (46%) BCM2 Cost Is from 50% to 75% of Estimated Actual Cost
  - ▶ For 56 Wire Centers (27%) BCM2 Cost Is from 75% to 100% of Estimated Actual Cost
  - ▶ For 18 Wire Centers (9%) BCM2 Cost Is from 100% to 125% of Estimated Actual Cost
  - ▶ For 7 Wire Centers (3%) BCM2 Cost Is More than 125% of Estimated Actual Cost



**CORRIGAN Wire Center  
Polk County Texas FIPS 48373**



Wire Center Boundary  
Block Group Boundary  
Block Group Center  
Block Group Corridor

2 0 2 Miles

